

CHAPTER 14

THRIFT SAVINGS PLAN

Section I - General

1-1. **General.** Definition: The Thrift Savings Plan (TSP) is a tax-deferred retirement savings and investment plan that offers employees the same type of savings and tax benefits that many private corporations offer their employees under 401(K) plans. By participating in the TSP, employees have the opportunity to save part of their income for retirement and reduce their current taxes.

Section II - Eligibility and Contributions

2-1. **Eligibility To Participate.** Normally new employees are eligible to participate in TSP immediately upon employment.

2-2. **Contributions to the Thrift Savings Plan.**

a. FERS Employees:

(1) Agency automatically contributes 1 percent of basic pay to each employee's account once the employee becomes eligible to participate.

(2) Employees under FERS may contribute up to the Internal Revenue Service (IRS) annual deferral limit. The limit is subject to change each calendar year. If the employee contribute his or her own money to TSP, the agency will match the employee's contribution as follows:

(a) First 3% of pay\$1.00 per \$1.00

(b) Next 2% of pay.....\$.50 per \$1.00

b. **CSRS Employees.** CSRS Employees may contribute up to the Internal Revenue Service (IRS) annual deferral limit. The limit is subject to change each calendar year. There are no automatic or matching contributions by the agency.

2-3. **Vesting.** An employee is immediately vested in all contributions except the 1 percent automatic agency contributions for FERS employees. The automatic contribution becomes vested after three years of creditable civilian service.

NOTE:

There is no vesting requirement in a death in service case.

2-4. Features of the TSP for All Participants Include:

- a. Before-tax savings and tax-deferred investment earnings.
- b. A choice of investment options are:
 - (1) Government Securities Investment Fund (G Fund).
 - (2) Fixed Income Index Investment Fund (F Fund).
 - (3) Common Stock Index Investment Fund (C Fund).
 - (4) Small Capitalization Stock Index Investment Fund (S Fund).
 - (5) International Stock Index Investment Fund (I Fund).
 - (6) Lifecycle Funds (L Funds)
- c. Interfund Transfers. The movement of some or all of an employee's or retiree's account balance among the Funds by means of a TSP Interfund Transfer. The HRO may assist the employee in understanding how to transfer and manage TSP, but will not advise or recommend investment options.
- d. Immediate vesting in your own contributions and, if FERS employee, the agency matching contributions.
- e. Portable benefits if you leave Government Service.
- f. A choice of withdrawal options, but no withdrawal can be made while you are still employed by the Government except for Financial Hardship or after reaching age 59-1/2.
- g. Loans from your own contributions and earnings on those contributions for general purposes while you are in Government service. Must have at least \$1,000 of your own contributions in your TSP account. You pay interest on the loan at the G Fund rate in effect at the time your application is received. Both the principal and the interest you pay go back into your own TSP account.
- h. Spouse protection through certain notice and consent requirements.

NOTE:

TSP rules and policies follow IRS regulations and change often. Go to <http://www.tsp.gov/> for the most up-to-date information.